

MOLEMOLE LOCAL MUNICIPALITY



2014/15 ANNUAL IDP/BUDGET SPEECH



DELIVERED BY THE HON. MAYOR CLLR
PAULINE MAKGATO

DATE : 29 APRIL 2014

VENUE : MAPONTO COMMUNITY HALL

Madam Speaker of council

Chief Whip of Council

Members of the Executive Committee

Fellow Councilors

Esteemed leaders of our respective Traditional Authorities

Acting Municipal Manager Mr. Nelson Keetse, Senior Managers, Managers and all other officials present here,

Representatives from COGHSTA, Treasury and other Sector Departments,

Distinguished Guests,

Comrades and Friends,

Members of the Media present here,

Fellow citizens of Molemole Municipality, I greet you.

It will always remain an immense honor and distinct privilege to address this grant gathering on the occasion of the Third Annual tabling of our IDP/BUDGET. Two years ago our administration took office and instantly instated a Socio and Economic Development Agenda for our current term of office as councilors.

Our Socio-economic agenda is very much aware of the call to surmount to the Triple Terror challenges of Poverty, Unemployment and Inequality and thus accordingly positioned these challenges as the key drivers of our service delivery programme.

The incumbent council has after its inauguration adopted a Five Year Strategic Plan for this municipality. Section 34 of Municipal Systems Act 32 of 2000 makes provision for the Annual Review and Amendment of the Integrated Development Plan.

It is against this background that during the month of March 2014, Council adopted the 2014/15 DRAFT IDP/BUDGET and commenced with its Public Consultation on the above during the month of April 2014. All Stakeholders were engaged in this exercise.

Madam Speaker, allow me to reflect on the progress made during the 2013/14 Financial Year before I could dwell much on the priorities for the upcoming financial year.

ON BUILDING A SOLID AND ENERGISED MUNICIPALITY.

Without a sound Organizational Structure occupied by the relevant skills, values and professionals ethos, an ideal of excellence and municipality in which the triple challenges are adequately addressed will remain a farfetched dream.

The matter on the suspension of the Municipal Manager has been finalised and the process of recruitment on the said position is underway. All Senior Management positions have been filled. Institutionally we stand at 90% of filling all our vacancies.

The municipality has finalised the process of Organizational Re-engineering after a thorough consultation with the Local Branches of the Trade Unions being SAMWU and IMATU. We believe as Council that the completion and implementation of this exercise will motivate and gel the performance of our staff members in the best interest of better services to our communities. The exercise will also help to stop the high rate of resignations and improve employee retention strategy.

PROMOTING AND FOSTERING PARTICIPATORY DEMOCRACY.

This year we present to this house a Total Budget of R160, 106, 276. 00 made up of Capital Budget of R42, 784, 870. 00 and Operational budget of R117, 321,406. 00. Our budget has a Surplus of R220, 417.00. Allow me to mention that economics will always remain the study of human needs and the attempts to satisfy those human needs through resources which are scares.

As council we have undertaken measures to promote active citizenship based on ultimate believes that citizens are the ultimate guarantors of their lives and interest.

The Public Participation programme engineered by the Speaker's Office will always remain relevant to hearing what our communities say about development priorities of our municipality. The ward committee stipend will increase in the next financial year from seven hundred and fifty to one thousand rands and will be paid on monthly basis. We have recently held a successful two days ward committee conference.

ECONOMIC TRANSFORMATION AND GROWTH AND EMPLOYMENT

Poverty has been persistent phenomenon in the recorded of human history. Despite unrelenting interventions, it is evident that our social systems are incapable, or unwilling to produce meaningful and sustainable change towards poverty-eradication. It is long overdue that we do not talk about poverty alleviation measures but eradication of poverty at all costs.

We have as a municipality managed to create one thousand three hundred employment safety net opportunities through Community Works programme from COGHSTA. We will also lobby for more job opportunities as this reduces the level of poverty and unemployment within the municipality.

The development and construction of Mogwadi Shopping Complex which is due to commence will also help to revive our township and at the same create job opportunities. As the municipality we will make sure that we create a conducive environment for business to operate freely. The exploration of minerals within our municipality will also enhance economic growth and we are prepared to make sure that the social labour plan for those mining companies is based to the development of our communities.

PROVISION OF BASIS SERVICES, WATER AND SANITATION.

The municipality relies on ground water. This is characterized by boreholes with aging infrastructure and inadequate water supply.

There are challenges pertaining to water and sanitation namely:

- Aging infrastructure
- Unreliability of water sources
- Lack of costs to recovery on water and sanitation sources.
- Lack of sustainable water source for future supply.

There are lot of water projects by the Capricorn District Municipality which aimed at improving and resuscitating the existence water projects.

POWER TO THE PEOPLE-INSURING ELECRIFICATION OF OUR NEW SETTLEMENTS.

All our villages are electrified in exception of extensions and other in-fills which have been identified as our special projects to make sure that the villages gets electrified. Our source of electricity is ESKOM and our municipality only sells electricity in two towns Mogwadi and Morebeng while ESKOM is supplying all villages. The municipality is supplying free basic electricity to qualifying indigents as per indigent's registers in Mogwadi and Morebeng. ESKOM made available budget for our extensions which will be electrified in 2014/15 Financial year.

DEVELOPMENT AND MAINTAINANCE OF GOOD QUALITY ROAD INFRASTRUCTURE

The development and maintenance of good road infrastructure is critical for the betterment and overall quality of life to all the citizens of the municipality. We also made concerted efforts to effectively attend and unlock the challenges we had from the Eisleben Ramokgopa gravel to tar. This adds to the completed projects of Morebeng internal streets gravel to tar and the first phase of Makgato internal streets.

The three road projects that council resolved to prioritize are: Mohodi to Thupana, Mohodi to Maponto and Machaka to Sekakene. We are proud to mention the development of Mohodi sports Complex which will kick start in the 2014/15 financial year and roll up to 2016/17 financial year. We remain committed to our responsibility that we share the limited grants from the MIG to address the infrastructure backlog within our municipality.

We are also acutely aware that for a culture of excellence to permanently manifest in our daily practices requires that we embed the ethos of integrity and moral rectitude as essential markers of our bureaucratic and political DNA of the municipality.

In my closing remarks I encourage all of us to go and vote on the 7th May 2014 during our National Elections. Let's celebrate our twenty years of democracy in honor of our political stalwart and icon Tata Nelson Mandela who dedicated his entire life fighting for better life for all.

Thank you!!!

M.P Makgato
MAYOR MOLEMOLE MUNICIPALITY

DATE

APPROVED ANNUAL BUDGET 2014/ 2015

PURPOSE:

In terms of section 24(1) of MFMA, The Municipal Council must at least 30 days before the start of the budget year consider approval of the annual budget.

BACKGROUND:

The budget is prepared to meet the Integrated Development Plan priorities as well as the strategic objectives of the Molemole Municipality. The Departments have been consulted to enhance the production of a credible balance budget. The limited funds available for the IDP priorities and strategic objectives, leads to the Departments having to prioritize in line with the agreed strategies as informed by the Strategic Planning that took place on 14 to 16 April 2014 .The IDP, as informed by the agreed strategies, is available and enhances alignment with the budget. New municipal budget and reporting regulations were promulgated on 17 April 2009 as per Government Gazette no. 32141. As part of the new regulations a totally new format is also prescribed in which Municipalities must submit the budget for adoption and/or approval, As Molemole complied with the new format.

Attached are the following documentations:

- Tables and Supporting Tables as prescribed..
- Council resolution
- Executive summary
- Annual budget process plan
- Integrated Development Plan
- Tariffs structure
- SDBIP
- Quality certificate

The annual budget makes provision for all the functions and responsibilities of the Molemole Municipality as provided for in the 2014/2015 financial year.

The following is a concise summary of the annual budget for the 2014/2015 Financial year.

DESCRIPTION	AMOUNT
OPERATING GRANTS	R95,048,000.00
CAPITAL GRANTS	R30,397,000.00
OWN REVENUE	R34,881,694.00
TOTAL REVENUE	R160,326,694.00
OPERATING EXPENDITURE	R117,321,406.00
CAPITAL EXPENDITURE	R42,784,870.00
TOTAL BUDGET	R160,106,276.00
SUPLUS	R220,417.00

Total operating revenue amounts to R125, 436,000.00 and is contained in Table A4 (Budgeted Financial Performance).

2.1 Property rates

An amount of R8, 345,692.00 is expected to be collected from Government, businesses and residential properties.

2.2 Service charges

The main components of revenue from service charges are sale and basic levies of electricity R10, 141,000, Refuse removal of R1, 707,144.00.

2.3 Rent of facilities and equipment

Expected revenue for 2014/2015 amounts to R284, 241.00 from rental of building and grazing.

2.4 Interest earned

This source of revenue refers to interest earned on the investment to the amount of R683, 959.00 and the R2, 360,426.00 to be earned from outstanding debtors.

2.5 Transfers recognized - operational

Bulk from this source is from equitable share of R89,014,000.00, R1,600,000.00 from Financial Management Grant , R934,000.00 from MSIG, and remaining R3,500,000.00 from Capricorn District Municipality which gives a total of R95,048,000.00.

2.6 Agency Services

Commission on water amounts to R686, 195.00 and sanitation amounts to 40,492.00.

2.7 Other own revenue

Other revenue amounts to R6, 865,019.00million and consists of the following main Elements:

- Traffic fines R910, 452.00
- Licensing and Registration 4,253,926.00
- Other sundry income R974, 000.00

2.8 Transfers recognized – capital

Capital grants and subsidies amounts to R30, 397,000.00 million and consist of the An allocation of R28, 943,000 MIG 2014/ 2015 allocation , R1,454,000.00 for EPWP from National Government.

3. OPERATING EXPENDITURE

Operating expenditure amounts to R117, 321,406.00 million and is contained in Table A4 (Budgeted Financial Performance) and supported by information in Supporting Table SA1.

3.1 Employee related costs

The following were taken into consideration

- _ Provisional annual allowance increase of 7% was made for Councilors and section 57 senior managers.
- _ Provision for annual increase of 6, 8% was made for other employees.

Total employee related costs amounts to R63,174,000.00 million which represents 57% of total operating expenditure and Councilors remuneration amounts to R9,040,482.00 which represents the 8% of the total operating budget. Total employee/Councilors related costs amounts to R72, 214,000.00. The main components associated with personnel costs are contained in Supporting Table SA1.

3.2 Remuneration of Councilors

Provision of R9, 040,482 is made for councilor allowances.

3.3 Debt impairment

Debt impairment relates to the provision for working capital for an amount of R2, 670,280.00

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3.4 Depreciation

Provision for depreciation for the 2014/2015 financial year amounts to R4, 000.000.00 million and makes provision for current assets, assets to be purchased.

3.5 Bulk purchase of Electricity

A provision of R7, 000,000.00 was made.

3.6 Contracted Services

An amount of R3, 350,000.00 was made for security services.

3.7 Other general expenditure

Other general expenditure amounts to R28, 062,000.00 million and represents 20% of Total operating expenditure for the 2014/2015 financial year. Detailed information on other general expenditure is provided in Supporting Table SA1.

4.1 Capital expenditure

CAPEX PER DEPARTMENTS

TYPE	BUDGET 2013/2014	% CAPEX
CORPORATE SERVICES	2,990,000	7
PLANNING AND ECONOMIC DEVELOPMENT	500,000	1
MUNICIPAL MANAGER'S OFFICE	105,500	0
BUDGET AND TREASURY	500,000	1
COMMUNITY SERVICES	8,326,970	19
TECHNICAL : ROADS	26,154,400	61
TECHNICAL : ELECTRICITY	4,208,000	10
TOTAL OPEX PER DEPARTMENTS	42,784,870	100

Due to severe financial constraints it was recommended that the capital Budget funded by Molemole Local Municipality and equitable shares be limited to a total amount of R12, 703,500.00.

6. Budget related policies

The following budget related policies are submitted in terms of the provisions Contained in the MFMA and MBRR. Since no changes are recommended to be made to the policies, they are submitted for cognizance and they are available on our website.

- 6.1 Asset management policy
- 6.2 Cash Management and investment policy
- 6.3 Credit control and debt collection policy
- 6.4 Supply chain management policy
- 6.5 Property rates policy
- 6.6 Budget policy
- 6.7 Virement policy
- 6.8 Petty cash policy
- 6.9 tariff policy
- 6.10 Indigent policy
- 6.11 Debt write off policy

7. Narration on Revenue projected tariffs and figures

Circular number: 67 have been used for all the revenue predictions, as stated on the Municipal Finance Management Act No. 56 of 2003 Circular number: 72 issued on the March 2014.

Molemole Municipality increased the electricity sales by 8% as approved by NERSA. For property rates and other service charges 6.2% for 2014/2015, 5.9% for 2015/2016 and 5.5% for 2016/2017

8. Detailed Capital Budget SA36

The space provided for all capital budget is limited, the Municipality did a separate spreadsheet attached together with the schedule SA36.

